

KANSAS DEPARTMENT OF REVENUE

U. S. GOVERNMENT, FEDERAL AGENCY OR INSTRUMENTALITY EXEMPTION CERTIFICATE

The undersigned purchaser certifies that the tangible personal property or service purchased from:

Seller: _____
Business Name

Address: _____
Street, RR, or P. O. Box City State Zip + 4

is exempt from Kansas sales and compensating use tax for the following reason:

K.A.R. 92-19-77 exempts all **direct** purchases by the United States, its agencies or instrumentalities for their use, except when federal law provides that a particular agency or instrumentality will be subject to a state's tax laws. To qualify as a direct purchase, each bill, contract or other evidence of the transaction must be made out to the United States, its agency or instrumentality, and payment must be made by a federal check, warrant or voucher. **Description of tangible personal property or services purchased:**

The undersigned understands and agrees that if the tangible personal property or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating tax, the undersigned purchaser becomes liable for the tax.

Purchaser: _____
Name of Federal Entity

Address: _____
Street, RR or P. O. Box City State Zip + 4

Authorized Signature: _____ Date: _____

THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.

WHO MAY USE THIS CERTIFICATE?

Any agency or branch of the U. S. Government may use this certificate, such as the U. S. Post Office, Internal Revenue Service, Department of Agriculture, Secret Service, FBI, American Red Cross, Federal Aviation Administration, and all branches of the armed forces. The word "National" or "Federal" in the title of the entity does NOT necessarily mean it is an agency of the federal government. For example, Federal Credit Unions and Federal Savings and Loans are exempt, but National Banks are not federal agencies and thus are not exempt.

WHAT PURCHASES ARE EXEMPT?

Any item of tangible personal property or labor services (except as noted below) may be purchased by the federal government or any of its agencies exempt from sales tax with this certificate. If the charges are billed directly to and paid directly by the federal government, the transaction is exempt from Kansas sales tax as a **direct purchase**.

Sales made to and paid for by an agent, employee, or other representative of the United States, its agencies or instrumentalities are TAXABLE, even when the agent or employee: 1) is on official business on behalf of the U. S. or any federal agency, 2) is on per diem (allowance for daily expenses), 3) is on an expense account, or will otherwise be reimbursed by the federal agency, or 4) has or will receive federal moneys, credits, or other assets to pay for the transaction. For example, a federal employee on per diem must pay sales tax on car rentals, unless using one of the centrally-billed federal credit cards discussed below.

EXCEPTION FOR SLEEPING ROOM RENTALS: Effective July 1, 2002, the rental of sleeping rooms by hotels, motels, accommodation brokers, etc. to the federal government, its agencies, officers or employees is exempt from sales tax when the room rental is made in association with the performance of official federal government duties. This sales tax exemption on indirect purchases by federal employees applies **ONLY** to the rental of sleeping rooms.

FEDERAL CREDIT CARDS: The General Services Administration (GSA) issues "GSA SmartPay" credit cards to federal employees for official use. Purchases by a federal employee with a "For Official Government Fleet Use Only" or "For Official Government Purchase Use Only" Voyager, VISA, or MasterCard are exempt because these cards are centrally billed to the federal government. Purchases made using a "For Official Government Travel Use Only" VISA or MasterCard are exempt only if the sixth digit of the account number is a 0, 6, 7, 8 or 9; if the sixth digit is 1, 2, 3, or 4, the charge is taxable. Purchases made with a "For Official Government Use Only" MasterCard (an integrated use card) are exempt if the purchase is tangible personal property or fuel, repair services and other items related to vehicles, airplanes and boats. Other purchases, such as travel expenses, are taxable if the sixth digit of the account number is a 1, 2, 3, or 4, and exempt if the sixth digit is 0, 6, 7, 8, or 9. For a more complete discussion of federal credit card transactions, obtain the policy document entitled "Federal Credit Cards." It is available from our offices or from the Policy Information Library on our web site: **www.ksrevenue.org**.

CONSTRUCTION, REPAIR OR REMODELING PROJECTS. This certificate may also be used to purchase labor services exempt from sales tax. HOWEVER, when the U. S. government, federal agency or instrumentality contracts for the repair, remodeling, or construction of a building or other project, it must request and obtain a Project Exemption Certificate from the department so that the contractor, subcontractor, or repairman (such as a carpenter, electrician, or plumber) may purchase materials for the project exempt from sales tax. In the absence of a Project Exemption Certificate, only the contractor's labor services are exempt as a direct purchase. The contractor's invoice to the federal entity will include the sales tax paid or accrued on the materials used.